ONTARIO ECONOMIC REFORM PROGRAMME

LOWER TAXES ON WORK. HONEST PRICES. BUILD MORE.

A Revenue-Neutral Economic Reform Programme for Ontario

Ontario should be one of the best places in North America to work, build a business, invest, innovate and raise a family. This programme modernizes the tax system and the rules that make consumer markets work, while preserving provincial revenues and core public services.

Core commitments

Lower taxes on work. Shift taxation toward consumption and land. Protect lower-income households through the Ontario Trillium Benefit. Tax construction and mobility less. Give municipalities modern fiscal tools. Make the real price the advertised price.

Fiscal rule: the initial provincial tax reform is revenue-neutral at implementation and assumes no economic-growth dividend.

EXECUTIVE SUMMARY

The programme shifts roughly C$20 billion per year away from personal-income taxation and toward broad consumption and recurrent land/property taxation. Roughly C$17 billion is returned through PIT reform and abolition of the Ontario Health Premium, while roughly C$3 billion strengthens the Ontario Trillium Benefit. The tax swap is paired with MPAC reform, land-value taxation, modern municipal revenue powers and a comprehensive Transparent Markets Act.

Revenue raised	Approx. annual impact
Ontario HST component: 8% to 10%	+C$10.0B
Ontario Land and Property Tax: ~C$6B to ~C$16B	+C$10.0B
Total additional revenue	+C$20.0B

Revenue returned	Approx. annual impact
Abolish PIT surtaxes and restructure PIT brackets	-C$11.5B
Abolish Ontario Health Premium	-C$5.5B
Enhance OTB sales-tax support	-C$1.8B
Enhance OTB property-tax support	-C$1.1B
Total returned	-C$19.9B

Modelling note: these are preliminary external estimates based on public Ontario Budget, CRA and Statistics Canada information. Final parameters require tax-return and property-assessment microsimulation.

Proposed PIT schedule at a glance

2026-equivalent taxable income	Proposed Ontario rate
To C$53,891	5.05%
C$53,891-C$107,785	9.15%
C$107,785-C$154,259	10.00%
C$154,259-C$185,111	12.00%
C$185,111-C$220,000	12.16%
C$220,000-C$246,813	13.16%
C$246,813-C$370,220	14.00%
Above C$370,220	15.00%

1. A C$20-Billion Revenue-Neutral Tax Swap

Ontario would shift approximately C$20 billion per year away from personal-income taxation and toward broad consumption and recurrent land/property taxation.

The binding policy requirement is no net reduction in provincial revenue at implementation. No projected economic-growth dividend is incorporated into the fiscal plan.

Revenue raised	Approx. annual impact
Ontario HST component: 8% to 10%	+C$10.0B
Ontario Land and Property Tax: ~C$6B to ~C$16B	+C$10.0B
Total additional revenue	+C$20.0B

Revenue returned	Approx. annual impact
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Abolish Ontario Health Premium	-C$5.5B
Enhance OTB sales-tax support	-C$1.8B
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Total returned	-C$19.9B

2. Abolish Ontario's Personal Income Tax Surtaxes

Ontario would abolish both PIT surtaxes completely and replace the current layered system with transparent statutory marginal rates. The rate shown in the tax table would be the rate a taxpayer actually faces before ordinary federal interaction and credits.

The upper 14% and 15% brackets broadly match Alberta, while the additional revenue they generate is recycled into lower rates through the approximately C$108,000-C$185,000 range.

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To C$53,891	5.05%
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3. Give Ontario a Competitive Top Marginal Rate

With a 15% top Ontario rate and a 33% top federal rate, the ordinary combined top marginal rate would be approximately 48%, broadly matching Alberta rather than Ontario's current surtax-driven top rate of roughly 53.5%.

The objective is broad competitiveness across the income distribution rather than an unusually large preference for the very highest incomes.

4. Abolish the Ontario Health Premium

The Ontario Health Premium would be abolished entirely. Health care would continue to be financed from general revenues.

The Premium is effectively an additional income tax with unusual phase-in ranges. Removing it simplifies the system and reduces the tax burden on employment income.

5. Increase the HST to 15%

Ontario would raise its provincial HST component from 8% to 10%, producing a 15% combined HST with the 5% federal component.

Based on current sales-tax revenues, the two additional provincial percentage points have a simple static value of approximately C$10 billion annually before behavioural and technical adjustments.

A broad consumption tax is relatively neutral toward saving and investment compared with direct taxation of income.

6. Substantially Increase the Ontario Trillium Benefit

The existing Ontario Trillium Benefit would be expanded rather than creating a new transfer system. The main enhancements would flow through the Ontario Sales Tax Credit and the Ontario Energy and Property Tax Credit.

Preliminary modelling provides approximately C$1.8 billion per year of additional sales-tax assistance and C$1.1 billion of additional property-tax assistance. Final benefit amounts, thresholds and phase-out rates would be set using microsimulation.

Lower-income households should not finance reductions in marginal income-tax rates for higher-income households.

7. Replace the Education Property Tax

Ontario's approximately C$6-billion Education Property Tax would be replaced by an Ontario Land and Property Tax generating approximately C$16 billion annually at maturity.

The approximately C$10 billion in additional recurring revenue would be calibrated with the HST, PIT and Trillium changes to preserve overall revenue neutrality.

8. Modernize MPAC

Ontario would restore regular current-value reassessment and modernize the Municipal Property Assessment Corporation. The long-term objective would be annual or near-annual assessment.

Every property would eventually receive transparent land, improvement and total assessed values, with substantially better access to assessment methodology and comparable transaction information.

Land value + building and improvement value = total assessed value.

9. Enable Land-Value Taxation

Municipalities would be explicitly authorized to use conventional current-value taxation, split-rate taxation or land-value taxation.

Ontario's own provincial levy would gradually place greater weight on land than buildings and improvements. This reduces the penalty on constructing or improving productive property while continuing to tax scarce serviced land.

Tax the scarce land more heavily than the productive activity built on it.

10. Protect Cash-Poor Property Owners

Ontario would establish an income-tested property-tax deferral programme for qualifying lower-income homeowners and seniors. Eligible amounts could be deferred and secured against the property until sale or transfer.

Lower-income renters and homeowners would also receive additional support through the Ontario Trillium Benefit.

11. Tax Building Less

Greater reliance on recurrent land taxation would be paired with reform of development charges, community-benefit charges and development-related parkland charges.

New projects should continue to pay genuine marginal infrastructure costs they cause. They should not disproportionately finance broad municipal services that also benefit the existing population.

Tax serviced land more. Tax the creation of new housing less.

12. Reduce the Land Transfer Tax Over Time

As recurrent land taxation matures and fiscal capacity permits, Ontario would progressively reduce the Land Transfer Tax.

The direction is to tax the holding of scarce valuable land more efficiently while taxing the act of moving, downsizing, upsizing or relocating for employment less.

13. Use Future Fiscal Dividends to Reduce Payroll Taxes

The initial reform would not assume that stronger growth will pay for additional tax reductions.

Any realized structural fiscal dividend would be recycled first into Employer Health Tax reductions, then Land Transfer Tax reductions, then further reductions in inefficient taxes and charges on construction and productive investment.

For illustration only, if the reforms left Ontario potential GDP about 1% above baseline after ten years, a net provincial fiscal dividend on the order of C$2-C$3 billion annually could eventually emerge.

14. Give Major Municipalities Modern Revenue Powers

Ontario would enact a Major Municipality Fiscal Powers Act. Single-tier, lower-tier and upper-tier municipalities above 500,000 residents would automatically qualify for expanded fiscal autonomy.

- Municipal gasoline and fuel taxes up to a combined 5 cents per litre.
- Commercial parking-space levies.
- Vehicle-registration fees and vehicle-weight charges.
- Congestion pricing, municipal tolls and dynamic curb-space pricing.
- Land-value and split-rate taxation.
- Infrastructure betterment levies and land-value capture.
- Accommodation taxes, stormwater charges, waste charges, and full-cost water and wastewater pricing.

Where qualifying upper- and lower-tier governments overlap, combined statutory ceilings would prevent duplicate taxation above the authorized maximum.

15. Prepare for the Decline of Fuel Taxes

Electrification will steadily erode gasoline and diesel tax revenues. Transportation finance should gradually evolve from fuel taxes toward vehicle-weight charges, road-use pricing and congestion pricing.

Any kilometre-based system would require strict statutory privacy protections.

16. Price Public Resources and Externalities Rationally

Ontario would review mining and resource-rent taxation, aggregate extraction charges, large commercial and industrial water takings, landfill charges, environmental and pollution charges, and Crown-resource royalties.

The objective would be to price economic rents, depletion, scarcity, infrastructure costs and measurable externalities rather than impose arbitrary sector-specific taxes.

17. Adopt a Revenue Quality Test

Every major provincial tax proposal would be assessed against a common framework.

- Does it discourage work, hiring or productive investment?
- Is the tax base mobile?
- Does the charge correspond to an externality, scarce resource or economic rent?
- Can taxpayers easily restructure behaviour simply to avoid it?
- Are administrative costs proportionate to revenue?

Generally favour: broad consumption taxation, recurrent land taxation, congestion and road-use charges, resource-rent taxation, environmental pricing and well-designed user charges.

Generally avoid: municipal income taxes, gross-receipts taxes, financial-transaction taxes, arbitrary luxury taxes and excessive transaction taxes.

18. Pass an Ontario Transparent Markets Act

A competitive market requires accurate and comparable prices. Ontario would establish a province-wide all-in pricing rule.

The price you see is the price you pay.

- The first advertised consumer price includes HST.
- Mandatory gratuities, administration charges, service fees, resort or destination fees and mandatory processing charges are included upfront.
- Businesses may itemize taxes and charges on receipts, but may not use them to advertise an artificially low headline price.

19. Require Standardized Unit Pricing

Appropriate groceries and packaged consumer products would display standardized comparison prices, such as price per kilogram, litre, 100 grams, 100 millilitres or unit.

Ontario would set consistent denominators so different package sizes can be compared directly.

20. Make Shrinkflation Visible

Large retailers would temporarily disclose when a package has been reduced in size while its nominal price remains unchanged or its unit price materially increases.

Businesses remain free to change product sizes and prices; consumers receive accurate information with which to respond.

PACKAGE SIZE REDUCED: 500 g to 450 g - UNIT PRICE +11%

21. Require Truthful Sale Prices

Businesses advertising a discount against a previous price would have to substantiate that reference price using genuine recent transaction history.

Loyalty, app-only, coupon and membership prices would be identified separately, and personalized prices would be disclosed as personalized.

22. Create an Ontario Open Price Data Platform

Ontario would build open, machine-readable price-data infrastructure. Government would establish standards and data-quality rules; private developers, researchers, media and consumers could build tools using the information.

Public datasets would be designed with competition safeguards so transparency helps consumers without unnecessarily facilitating algorithmic coordination.

23. Real-Time Fuel Prices

Every fuel retailer would electronically report station location, fuel grade, current price, availability and timestamp of the latest price.

The price submitted to the public system, displayed roadside and charged at the pump would be required to agree.

24. Grocery Price Transparency

Large grocery retailers would report current prices for a standardized basket of staple foods, including product, package size, regular price, promotional price, loyalty price, standardized unit price and store location.

The data could support applications comparing the cost of an entire shopping basket across nearby stores.

25. Transparent Rental Housing

Ontario would create an Ontario Rental Price Registry. Every publicly marketed rental unit would receive a permanent Rental Unit ID.

Listings would disclose base rent, unavoidable monthly charges, parking and storage costs, utilities, deposits, promotional incentives, lease term, rent-control status and relevant first-occupancy information.

The headline figure would be the minimum unavoidable monthly housing cost. New tenancies would be registered anonymously so Ontario could publish reliable rent statistics while keeping tenant personal information private.

26. Transparent Property Transactions

Ontario would make housing transaction and assessment information broadly available in machine-readable form, including sale price, sale date, lot and property characteristics, total MPAC assessment, land assessment and improvement assessment.

This would improve both property-market transparency and public confidence in assessment.

27. Strengthen Consumer Rights

Ontario would pair market transparency with practical remedies that ordinary consumers can actually use.

- **Price Accuracy Guarantee:** the lowest valid advertised price wins, with statutory compensation for qualifying overcharges.
- **Right to Repair:** reasonable access to replacement parts, diagnostic tools, repair information and necessary software.
- **Durability Warranty:** products must remain functional for a reasonable period relative to price, expected use and nature.

- **Ontario Lemon Law:** repeated serious defects in recent vehicles trigger clear rights to refund, replacement or expedited dispute resolution.
- **Stronger Chargeback Rights:** clear remedies for non-delivery, material misrepresentation and unlawful refusal to honour refunds.
- **Easy Cancellation:** a contract that can be entered online must also be cancellable online without deliberately burdensome procedures.

28. Create Resolve Ontario

Ontario would establish a digital consumer-dispute platform allowing consumers and businesses to exchange evidence, negotiate, mediate and resolve qualifying disputes without immediately going to court.

Ontario would also maintain a searchable public record of verified licensing information, consumer-law violations, administrative penalties and relevant judgments.

29. Apply Transparent Pricing to Other Major Household Costs

Standardized price disclosure would progressively extend to automobile insurance, licensed childcare, retirement homes, energy contracts, postsecondary compulsory charges, vehicle repair, moving and storage, and other high-value services.

Custom-service providers would disclose pricing formulas, labour rates, mandatory fees and markups and provide written all-in estimates before work begins.

30. Measure What Works

Every major component would be evaluated after implementation. Government would publish results on tax revenue, distribution, employment, labour-force participation, business formation, investment, housing construction, land use, municipal outcomes, consumer price dispersion and competitive effects.

Policies shown not to work as intended would be redesigned.

THE ONTARIO ECONOMIC COMPACT

The programme represents an approximately C$20-billion annual redesign of Ontario's tax base, not a C$20-billion net tax increase.

- Raise roughly C$20 billion more from consumption and recurrent land/property taxation.
- Return roughly C$17 billion through PIT reform and abolition of the Ontario Health Premium.
- Return roughly C$3 billion through a stronger Ontario Trillium Benefit.
- Balance the initial package without assuming a growth dividend.
- Use any later, realized fiscal dividend to reduce payroll, transaction, construction and investment taxes.

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Sources and modelling note

Official baseline figures referenced in the programme are drawn from the Ontario 2026 Budget and current federal/CRA tax parameters. The surtax-removal estimate is an external approximation using public CRA Ontario T1 Final Statistics. The Trillium offsets are external distributional estimates using public Statistics Canada household-spending and tax-benefit information. All figures should be independently replicated in SPSD/M and with MPAC/Ministry microsimulation before being presented as official costings.